



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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August 5, 2010

To: Supervisor Gloria Molina, Chair  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

## SACRAMENTO UPDATE

This memorandum provides an update on the proposed FY 2010-11 State Budget and an analysis of the updated Democratic Budget Proposal released on August 3, 2010.

### State Budget

The June 15<sup>th</sup> Constitutional deadline for the Legislature to approve the State Budget passed over a month and half ago and 36 days into the new fiscal year negotiations remain stalled with no signs of a potential budget resolution. As of today, the Conference Committee has not yet completed its work on the FY 2010-11 State Budget package for consideration by the Assembly and Senate. The final budget requires a two-thirds vote for approval by the Legislature.

On Tuesday, Assembly Speaker Pérez and Senate President pro Tem Steinberg released an updated joint Democratic Budget Proposal to address the budget deficit identified in the Governor's May Revision. The proposal avoids major program reductions to health and human services proposed by the Governor back in May and it relies heavily on increased revenue projections from the delay of corporate tax benefits, creation of an oil severance tax, additional Federal funding, and a complex tax scheme, which would increase the Personal Income Tax and reduce the State sales tax rate for most Californians. According to Democratic leaders, the final Conference Committee Budget would include approximately \$18.5 billion in State General Fund solutions to

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address the budget shortfall and would provide for a \$535.0 million reserve, which is consistent with the Democratic Budget Proposal for FY 2010-11.

The Democratic Budget Proposal, however, was met with immediate opposition by the Governor and Republican legislators. The Governor, who has announced on several occasions that he will not sign a budget that lacks reforms to public pension systems or the State Budget process, called the proposal "dead on arrival," while Republican legislators called the proposal "fiscally irresponsible" and reaffirmed their stance to oppose tax increases and their support for the Governor's approach to balance the State Budget through deep program and service reductions.

### **Democratic Budget Proposal - Analysis**

The Democratic Budget Proposal assumes that the Conference Committee Budget would solve the State's deficit primarily through: 1) \$8.3 billion in expenditure reductions; 2) \$4.1 billion from additional Federal funding; 3) \$2.4 billion in increased revenue from new taxes, delay of corporate benefits, a tax reform package; and 4) \$3.7 billion from funding alternatives and various fund shifts. Specifically, the Democratic Budget Proposal would:

- Expenditure Reductions: Assume reductions of \$4.6 billion to schools and higher education programs, \$1.7 billion in compensation for State employees, \$1.4 billion to corrections, and \$630.0 million to health and human services programs.
- Additional Federal Funds: Accept the Governor's projection that \$3.4 billion in additional Federal funds will be available from: 1) extension of the enhanced Federal Medical Assistance Percentage (FMAP) rate; and 2) American Recovery and Reinvestment Act (ARRA) funds for CalWORKs, Foster Care and Adoptions Assistance. The Democratic Budget Proposal further increases revenue projections by \$700.0 million, to a total of \$4.1 billion, to reflect the Conference Committee's rejection of the Governor's Budget proposals to eliminate or reduce CalWORKs, Medi-Cal and other safety net programs.
- Increased Revenue: Project a \$2.4 billion net increase in State revenues in FY 2010-11 attributed to:
  - Approval of a tax reform proposal which would: 1) raise the State Personal Income Tax by 1 percent for each income bracket (except the top bracket) and extend the current 0.25 percent temporary surcharge for all tax brackets retroactive to the 2010 tax year; 2) increase the Vehicle License Fee rate

from 1.15 percent to 1.65 percent; and 3) reduce the State sales tax rate by 1.75 percent in FY 2010-11 and an additional 0.75 percent in FY 2011-12. According to Democratic leaders the proposal assumes that taxpayers would see an overall reduction in State and Federal taxes because it would swap taxes that would be deductible for Federal income tax purposes. The proposal is expected to generate \$1.8 billion in FY 2010-11 and \$3.3 billion in future years.

- Delay for two years the start of new corporate tax benefits scheduled to take effect in FY 2010-11. This proposal would generate approximately \$2.1 billion in State General Fund revenue.
- Approval of an Oil Severance Tax to generate \$600.0 million in State General Fund revenue in FY 2010-11 and \$1.2 billion thereafter.
- Accept the Legislative Analyst's Office projection that State revenues will be higher by an estimated \$1.4 billion through the end of FY 2010-11.
- Provide for a \$3.2 million revenue adjustment for Proposition 98 and direct \$500.0 million to local public safety programs.
- Alternative Funding and Fund Shifts: Assumes an estimated \$3.7 billion in alternative funding options and fund shifts such as borrowing within various State accounts.
- Securitization of SB 90 Mandate Payments: Proposes to accelerate over \$1.0 billion in State payments owed to local governments for deferred mandate claims. The proposal would be based on the same financing mechanism used in 2009 for the securitization of the Proposition 1A Loan through a Joint Powers Agreement. **The County is owed approximately \$186.7 million for deferred payments for FY 2004-05 and prior years.** However, based on a preliminary estimate, securitization of the mandate payments could cost the County between \$20.0 million to \$41.0 million, or higher, in bond issuance costs and interest.

### **Estimated County Impact**

As reported in our May 18, 2010 Sacramento Update, the Governor's May Revision proposed to solve the \$19.1 billion State Budget deficit primarily through major reductions to public safety and health and human services programs. **We estimated the impact of the Governor's May Revision proposals on the County to be a loss of \$1.25 billion in FY 2010-11.**

Based on our preliminary review of the Democratic Budget Proposal and Conference Committee actions through August 4, 2010, **we estimate that the potential impact on the County would decrease to \$14.2 million loss.** Although the County impact is significantly less than the estimated loss of \$1.25 billion from the Governor's May Revision, the State Budget crisis is far from being resolved and any or all of the proposals affecting the County may be reconsidered at any time as part of budget negotiations. In addition, the Conference Committee actions mostly reflect adoption of the Democratic Budget Proposal which is supported by the Democratic majority on the Committee. The Governor and the Republicans continue to oppose these actions.

The considerable decrease of the County impact is attributed to actions taken by the Conference Committee and Assembly and Senate Budget Committees to reject most of the Governor's Budget proposals to reduce or eliminate health and human services. Some of the major actions include rejection of the following proposals:

- \$828.0 million from the proposed CalWORKs Program elimination;
- \$195.0 million from the redirection of County Mental Health Realignment funds;
- \$ 24.4 million from reductions to the Safety Net Care Pool and the South Los Angeles Preservation Fund;
- \$ 18.2 million from the Drug Medi-Cal Program elimination;
- \$ 7.2 million from the Cash Assistance Program for Immigrants elimination; and
- \$ 5.5 million from reductions to Substance Abuse Offender Treatment Program.

Attachment I illustrates the overall fiscal impact of the Governor's May Revision and the Conference Committee Budget proposals.

### **Budget Conference Committee**

The Conference Committee continues its work to reconcile differences between the two houses before the Assembly and Senate act on a final legislative budget package. However, the Committee is not scheduled to meet today or tomorrow. From all the actions taken by the Conference Committee, the approval of the "wobbler offender shift" proposal may result in major fiscal and programmatic impacts to the County.

- **Shift of Wobbler Offenders from the State to Counties.** On August 4, 2010, the Conference Committee rejected the Governor's May Revision proposal to transfer certain felony offenders from State prisons to county jails. This proposal was previously approved by Assembly and Senate Budget Committees. Instead, the Conference Committee adopted the Democratic Budget Proposal to shift wobbler offenders from the State to counties for a State General Fund savings of \$375.0 million. Wobbler offenses are defined as crimes that can be prosecuted

Each Supervisor  
August 5, 2010  
Page 5

as either a felony or a misdemeanor. Under the proposal, counties would receive \$23,000 annually per offender to fund jail costs, home detention, probation supervision, drug court or other services.

However, according to the Sheriff's Department the proposed funding of \$23,000 per offender would be insufficient to cover costs for housing an offender in jail for one year and would not provide funding for medical or mental health services which would result in significantly higher costs. According to the Probation Department, this proposal would place additional offenders on adult probation. **The Chief Executive Office is working with the Sheriff and the Probation Departments to determine the impact of this proposal to the County.**

Attachment II provides a detailed report of Conference Committee actions on budget items of interest to the County. Attachment III contains budget actions by Assembly and Senate Budget Committees.

We will continue to keep you advised.

#### Attachments

WTF:RA  
MR:VE:GA:sb

c: All Department Heads  
Legislative Strategist  
Local 721  
Coalition of County Unions  
California Contract Cities Association  
Independent Cities Association  
League of California Cities  
City Managers Associations  
Buddy Program Participants

# ESTIMATED IMPACT TO LOS ANGELES COUNTY FROM THE FY 2010-11 STATE BUDGET PROPOSALS

	May Budget Revision	Budget Conference Committee
<u>Health</u>		
Safety Net Care Pool & South L. A. Preservation Fund	(24,400,000)	0
Medi-Cal Eligibility for Legal Immigrants Elimination	(3,500,000)	0
Medi-Cal Cost Containment Measures	? <sup>(1)</sup>	0
<u>Mental Health</u>		
Redirection of Mental Health Realignment Funds	(195,000,000)	0
Suspension of AB 3632 Program Mandate Payments	(43,700,000)	TBD
<u>Public Health</u>		
Elimination of AIDS Drug Assistance Program County Jails	(3,900,000)	0
Proposition 36 Program/Offender Treatment Program	(5,500,000)	0
Drug Medi-Cal Reductions	(18,200,000) <sup>(2)</sup>	0
Black Infant Health & Adolescent Family Life Program Restoration	--	TBD
<u>Social Services</u>		
CalWORKs Program Elimination - Single Allocation	(459,100,000) <sup>(2)</sup>	0 <sup>(5)</sup>
CalWORKs Mental Health Services Elimination	(17,200,000) <sup>(2)</sup>	0
CalWORKs Substance Abuse Services Elimination	(12,300,000) <sup>(2)</sup>	0
Cost Shift from CalWORKs Program Elimination <sup>(3)</sup>	(339,400,000) <sup>(2)</sup>	0
Cash Assistance Program for Immigrants Elimination <sup>(4)</sup>	(7,200,000) <sup>(2)</sup>	0
Redirection of County Savings	? <sup>(1)</sup>	0
Child Care Programs Elimination	? <sup>(1)</sup>	0
Medi-Cal Administration	(13,500,000)	(6,750,000) <sup>(6)</sup>
IHSS \$250 Million Program Reduction	--	? <sup>(1)</sup>
Community Based Services Programs (CBSP) Restoration	--	536,000
<u>Justice and Public Safety</u>		
Jail Time Instead of Prison for Specified Felonies Proposal	(96,400,000)	0
Shift Wobbler Offenders to Counties	--	TBD
<u>General Government</u>		
Suspension of SB 90 Mandate Claims	(4,920,000)	(4,650,000)
Open Meetings / Brown Act Mandate - Suspension	--	(270,000)
Delay of Deferred Mandate Payments (Prior to FY 2004-05)	(15,000,000)	(15,000,000)
Elections Reimbursement	11,900,000	11,900,000
<b>TOTAL</b>	<b>(\$1,247,320,000)</b>	<b>(\$14,234,000)</b>

## Notes:

- (1) There is insufficient information to assess the County impact of this proposal.
- (2) Estimate reflects 9-month impact in FY 2010-11 because Governor's proposal assumes October 1, 2010 implementation.
- (3) Estimate assumes 50 percent of CalWORKs participants apply for and are determined eligible for the County's General Relief Program.
- (4) Estimate assumes 100 percent of CAPI recipients apply for and are determined eligible for the County's General Relief Program.
- (5) Senate & Assembly Budget Committees rejected CalWORKs Program Elimination and the Budget Conference Committee rejected restoration of \$300 million proposal in CalWORKs Single Allocation funds.
- (6) The Budget Conference Committee adopted the Governor's proposal but reduced SGF savings to \$22.0 million.

*This table represents the estimated loss/gain of State funds based upon the State Budget Proposals. It does not reflect the actual impact on the County or a department which may assume a different level of State funding or be able to offset lost revenue.*

**CONFERENCE COMMITTEES ACTIONS OF INTEREST TO THE COUNTY AS OF  
AUGUST 4, 2010**

**Health**

**Safety Net Care Pool and South Los Angeles Preservation Fund.** The Governor's January Budget proposed a 10 percent reduction to the Safety Net Care Pool and the South Los Angeles Preservation Fund which would have resulted in a loss of \$24.4 million to the County. The Governor also proposed a 10 percent reduction to private hospitals that receive funds through the existing Medicaid 1115 Waiver. **The Conference Committee rejected the Governor's proposals. This action results in no impact to the County.**

**Mental Health**

**Suspension of AB 3632 Program Mandate Payments.** The May Revision proposed to suspend AB 3632 mandate payments for a State General Fund savings of \$52.0 million. This would have resulted in an estimated County loss of \$43.7 million. The Conference Committee rejected the Governor's proposal to suspend the AB 3632 mandate, but adopted the reduction of \$52.0 million in State General Funds. Instead, **the Conference Committee provided an augmentation of \$133.0 million in State General Funds for prior year AB 3632 mandate claims. This office is working with the Department of Mental Health to determine the impact of this action to the County.**

**Public Health**

**Restoration of Funding for Maternal and Child Health Programs.** The Governor vetoed \$12.0 million from the 2009 State Budget Act for the Black Infant Health Program and Adolescent Family Life Programs. **The Conference Committee restored \$5.0 million in funding for these programs for FY 2010-11. This office is working with the Department of Public Health to determine the amount of funding that the County would receive for this restoration.**

**Social Services**

**CalWORKs Program Elimination.** The May Revision proposed to eliminate the CalWORKs Program effective October 1, 2010 for a State General Fund savings of \$1.6 billion. This proposal would have resulted in an estimated County loss of \$488.6 million for CalWORKs Program administration, employment services, child care, substance abuse, and mental health services and a cost shift to the County of \$339.4 million for families moving to the General Relief Program. **The Senate and Assembly Budget Committees rejected the Governor's May Revision proposal. This action results in no impact to the County.**

In addition, the Assembly Budget Committee proposed to restore \$300.0 million of the \$375.0 million in CalWORKs Single Allocation funds reduced from the FY 2009-10 State Budget Act placing this item in the Conference Committee. The Department of Public Social Services estimates that this proposal would have resulted in an increase of \$91.4 million to the County for the partial restoration of CalWORKs Single Allocation funding. **The Conference Committee rejected the Assembly's action to restore \$300.0 million of Single Allocation funds. This action results in no impact on the County.**

**Medi-Cal Administration.** The May Budget Revision proposed \$44.0 million in State General Fund savings by changing the methodology used to determine funding for county Medi-Cal eligibility operations. **The Conference Committee adopted the Governor's proposal but reduced savings to \$22.0 million. The Department of Public Social Services estimates that this action will result in a County loss of \$6.8 million.**

**In-Home Supportive Services (IHSS) Program Reductions.** The May Revision proposed to achieve \$637.1 million in State General Fund savings by making unspecified reductions to the IHSS Program. **The Conference Committee rejected the May Revision proposal and approved \$250.0 million in IHSS savings which would be achieved by establishing a provider fee for approximately \$190.0 million in savings and identifying \$60.0 million in targeted reductions. There is insufficient information at this time to assess the County impact of these proposals.**

**In-Home Supportive Services (IHSS) Program Anti-Fraud Funding.** The State Budget Act of 2009 provided \$10.0 million statewide to counties for IHSS fraud prevention, detection, referral, investigation, and prosecution activities. The Governor's January Budget proposed \$10.0 million in State General Funds for counties to continue implementation of anti-fraud initiatives. Participating counties are required to provide local matching funds. **The Senate and Assembly Budget Committees rejected the Governor's proposal.** The County's IHSS Anti-Fraud Plan established 11 IHSS program integrity initiatives for a combined annual Federal/State/County cost of \$9.4 million, which includes \$1.5 million net County costs. **The Conference Committee adopted a compromise proposed by the Legislative Analyst's Office which directs the California Department of Social Services to report to the Legislature estimated costs and savings associated with IHSS anti-fraud activities for consideration in future budget years. This action results in no impact because the County will not be required to continue this program.**

**Community Based Services Programs (CBSP).** The Governor vetoed all funding in the FY 2009-10 State Budget Act for Community-Based Services Programs which includes the Linkages and Alzheimer's Day Care Resource Centers Programs. **The Conference Committee restored \$6.4 million in State General Funds for these programs for FY 2010-11. The Department of Community and Senior Services estimates that this action will restore approximately \$536,000 in funding for the County's Linkages and Alzheimer's Day Care Resource Centers Programs.**



## **Public Safety**

**Local Custody of Wobbler Felony Offenders.** The Governor's May Revision proposed to achieve \$243.8 million in State General Fund savings by modifying sentencing practices, which would allow specified non-serious, non-violent, and non-sex offenders convicted with felony sentences of three years or less to serve in county jails. Under the Governor's proposal, the counties would receive \$11,500 per offender for programs and services such as probation, drug court and alternative custody. **The Senate and Assembly Budget Committees adopted the Governor's May Revision proposal with a modification to restrict felony offenses to convictions for drug and property crimes, not crimes against persons. This proposal would have resulted in an estimated County loss of up to \$96.4 million.**

**The Conference Committee rejected the Governor's proposal and prior budget committee actions and adopted the Democratic Budget Proposal to shift wobbler offenders from the State to counties for a State General Fund savings of \$375.0 million.** Wobbler offenses are defined as crimes that can be prosecuted as either a felony or a misdemeanor. Counties would receive \$23,000 per year, per offender to fund jail costs, home detention, probation supervision, drug court or other services which would be funded by a 0.50 percent increase in the Vehicle License Fee.

The Sheriff's Department indicates that funding of \$23,000 annually, per offender would be insufficient to cover costs for housing offenders in County jails. According to the Probation Department, this proposal would place additional offenders on adult probation. It is unclear if the proposal provides sufficient funding for needed services and programs. **This office is working with the Sheriff's Department and the Probation Department to determine the impact of this proposal to the County.**

**Local Probation Supervision of Juvenile Offenders.** The May Revision proposed to shift supervision of juvenile parolees from the State to county probation departments. Counties would receive \$15,000 per parole, per year for up to 24 months. **The Conference Committee adopted the May Revision proposal and Senate Budget Committee action to limit the time that can be added to a ward's sentence based on disciplinary infractions.** The Probation Department indicates that this proposal would increase the number of juvenile parolees under supervision of the Department by 100 to 150 juveniles in FY 2010-11, increasing by 450 to 500 juveniles by FY 2012-13. **The Probation Department estimates that the funding provided should be sufficient to cover the County costs for supervising juvenile parolees.**

**Local Safety and Protection Account.** The Governor's May Revision proposed an increase of \$502.9 million in State General Funds beginning in FY 2011-12 for the Local Safety and Protection Account to fund local public safety programs including: Citizens' Options for Public Safety (COPS), booking fees, Juvenile Justice Crime Prevention Act grants and the Juvenile Justice Probation Camp (JJCPA) Fund. These programs are currently funded by a temporary increase in the Vehicle License Fee (VLF) which is set to expire on July 1, 2011. The Assembly and Senate Budget Committees rejected the Governor's proposal. **The Conference Committee adopted the Democratic Budget**

**Proposal to extend the 0.15 percent increase in the VLF for local public safety programs.** The action assumes \$455.0 million in VFL revenues in FY 2011-12, increasing to \$469.0 million in FY 2012-13. **Funding for these programs is critical for counties to operate various local public safety programs. In FY 2009-10 the statewide allocation for COPS and JJCPA was \$173.3 million, of which Los Angeles County received an estimated \$43.9 million for both programs.**

**Shift Funding for the Youth Offender Block Grant (YOBG) from the State General Fund to the Vehicle License Fee.** The Conference Committee adopted the Democratic Budget Proposal to shift \$92.0 million from the State General Fund to the VLF for YOBG. This is a simple fund shift and would result in no significant implementation changes to the State or to counties. However, if the economy fails to improve or declines, VLF revenues for YOBG would decrease proportionately.

### **General Government**

**Open Meetings/Brown Act Mandate - Suspension.** The Governor's May Budget Revision proposed the suspension of the Open Meetings/Brown Act mandate for a State General Fund savings of \$362,000. **The Conference Committee approved a plan by the Legislative Analyst's Office to end State reimbursements to local governments for complying with portions of the Brown Act, and to make reimbursable aspects of the Brown Act optional.** The Executive Office of the Board estimates that this action will result in a County loss of \$270,000 annually.

## **SENATE AND ASSEMBLY BUDGET COMMITTEES ACTIONS OF INTEREST TO THE COUNTY**

### **Health**

**Medi-Cal Eligibility for Legal Immigrants.** The May Revision proposed to eliminate full-scope Medi-Cal for adult Newly Qualified Immigrants who have been residing in the United States for less than five years for a State General Fund savings of \$118.0 million. This proposal would have resulted in an annual County loss of \$3.5 million. **The Senate and Assembly Budget Committees rejected the Governor's May Revision proposal. This action results in no impact to the County.**

**Medi-Cal Cost Containment Strategies.** The May Revision proposed to implement initiatives to reduce Medi-Cal expenditures for an estimated State General Fund savings of \$523.0 million. **The Senate and Assembly Budget Committees rejected the Governor's May Revision proposal. This action results in no impact to the County.**

### **Mental Health**

**Redirection of Mental Health Realignment Funds.** The May Revision proposed to redirect \$602.0 million in local County Mental Health Realignment funds to offset State General Fund costs for the Child Welfare Services and Food Stamp Programs. This proposal would have resulted in a County loss of \$195.0 million. **The Senate and Assembly Budget Committees rejected the Governor's May Revision proposal. This action results in no impact on the County.**

### **Public Health**

**AIDS Drug Assistance Program (ADAP) Services at County Jails.** The May Revision proposed to eliminate funding for ADAP services at county jails for a State General Fund savings of \$9.5 million. This proposal would have resulted in an estimated County loss of \$3.9 million. **The Senate and Assembly Budget Committees rejected the Governor's May Revision proposal. This action results in no impact to the County.**

**Substance Abuse Offender Treatment Program (Proposition 36).** The May Revision proposed to eliminate the remaining funding for the Substance Abuse Offender Treatment Program for a State General Fund savings of \$18.0 million. This proposal would have resulted in a County loss of \$5.5 million to support court-supervised drug treatment services for non-violent offenders. **The Senate and Assembly Budget Committees rejected the Governor's May Revision proposal. This action results in no impact on the County.**

**Drug Medi-Cal Programs.** The May Revision proposed to eliminate Drug Medi-Cal programs with the exception of the Perinatal and Minor Consent Programs for a State General Fund savings of \$53.4 million. This proposal would have resulted in a County loss of \$18.2 million. **The Senate and Assembly Budget Committees rejected the Governor's May Revision proposal. This action results in no impact to the County.**

### **Social Services**

**Cash Assistance Program for Immigrants (CAPI) Elimination.** The May Revision proposed to eliminate CAPI for a State General Fund savings of \$73.6 million. If 100 percent of these individuals applied for, and were determined eligible for the County's General Relief Program, this proposal would have resulted in an estimated net County cost of \$7.2 million in FY 2010-11 and \$9.6 million annually thereafter. **The Senate and Assembly Budget Committees rejected the Governor's May Revision proposal. This action results in no impact to the County.**

**Redirection of County Savings.** The May Revision proposed to redirect a portion of county savings resulting from program reductions and from increases in the Federal Medical Assistance Percentage and the American Recovery and Reinvestment Act for a State General Fund savings of \$359.5 million. The redirected savings would have been used to cover increases in the county share of cost for Foster Care and Foster Care Administration, Child Welfare Services, the Adoption Assistance Program, and Food Stamps. **The Senate and Assembly Budget Committees rejected the Governor's May Revision proposal. This action results in no impact on the County.**

**Child Care Programs Elimination.** The May Revision proposed to eliminate funding for need-based, subsidized child care and development programs for a State General Fund savings of \$1.2 billion. This proposal would have resulted in a loss of approximately \$472.0 million for services to over 52,000 children in the County. **The Senate and Assembly Budget Committees rejected the Governor's May Revision proposal. This action results in no impact to the County.**

**Statewide Fingerprint Imaging System (SFIS) Elimination.** The Governor's May Revision proposed \$12.1 million in funding for SFIS for the CalWORKs and Food Stamp Programs. **The Senate and Assembly Budget Committees rejected the Governor's proposal.** The Department of Public Social Services (DPSS) projects that the elimination of funding for SFIS will result in an increase in fraud and an associated increase in grant costs, including costs for the General Relief Program for which the County also uses and funds SFIS.

### **General Government**

**State Mandates.** The May Revision proposed to suspend and defer various mandate payments for a State General Fund savings of \$232.0 million. This includes \$137.0 million due to the suspension of all State mandates except those related to elections, law enforcement, or property taxes, and \$95.0 million in mandate deferral

payments for FY 2010-11 that are due to counties for costs incurred prior to FY 2004-05. **The Senate and Assembly Budget Committees adopted the Governor's May Revision proposal. This will result in an estimated County loss of \$19.65 million, which includes suspension of SB 90 State mandates with a County loss of \$4.65 million and delay of deferred mandate payments (prior to FY 2004-05) with a County loss of \$15.0 million.**

**Election Reimbursement.** The May Revision proposed to provide a one-time increase of \$68.2 million in local assistance to reimburse counties for costs incurred in the May 19, 2009 Statewide Special Election. **The Senate and Assembly Budget Committees adopted the Governor's May Revision proposal. The County estimated share is \$11.9 million.**